

# Jennifer González Announces that Medicaid Already Has \$ 2.9 Billion for Next Fiscal Year



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**San Juan, Puerto Rico- Resident Commissioner Jennifer González Colón announced that funds for the federal Medicaid health program for the following fiscal year 2021 are insured, totaling \$ 2.9 billion according to an official communication from the United States Department of Health.**

**“Federal health has just informed us that Puerto Rico is no longer at risk of losing Medicaid funds, securing \$ 2.9 billion for the next fiscal year. This is because they are interpreting the law that we worked on in 2019, which provided the 2 years of additional funds, for Medicaid in Puerto Rico, in such a way that the base amount of Medicaid for the island was increased to the amount of 2020 , to which is added an amount for inflation. Ensuring health services has always been my priority, I am pleased to give this good news to the more than 1.5 million beneficiaries of the health card. However, I will continue to advocate for additional funds and adjustments in the FMAP so that our Health Card beneficiaries have access to all the benefits that the program establishes ”,**

**The United States Department of Health (HHS) explained that when preparing estimates of Medicaid allocations for the following fiscal year, the Centers for Medicare & Medicaid Services (CMS) noted that the calculations for allocations for fiscal year 22 and each subsequent fiscal year are significantly higher**

than anticipated. Furthermore, the reading given in relation to Puerto Rico turns out to be different from the other territories.

For the four territories of American Samoa, the Northern Mariana Islands, Guam, and the Virgin Islands, the agency used fiscal year 21 as the basis for subsequent year calculations. As a result, for fiscal year 22, CMS will multiply the percentage increase in the CPI-M or medical inflation index (2.7%) by the limits of fiscal year 21.

For Puerto Rico, HHS understands that the fiscal year 20 amount was established as the base. As a result, for fiscal year 22, CMS will multiply the fiscal year 20 limit by the CPI-M, or \$ 2.7 billion, the percentage increase in the CPI-M (5.5% for fiscal year 20 to fiscal year 21, then 2.7% for fiscal year 21 through fiscal year 22).

As a result of this reading, here are the allocations to the territories for fiscal year 22:

- American Samoa \$ 87,860,000
- Guam \$ 133,210,000
- Northern Mariana Islands. \$ 64,010,000
- Virgin Islands \$ 131,390,000
- Puerto Rico \$ 2,943,000,000

After fiscal year 22, the annual allocation will be equal to the maximum amount of the previous fiscal year multiplied by the CPI-M, for all territories, accordingly. These funding amounts reduce the risk of future deficits, but will not eliminate the deficits completely. For example, Puerto Rico is likely still projecting a federal funding shortfall for fiscal year 22, although it will likely arrive later in the fiscal year than originally anticipated.

HHS further said that the fact that they have interpreted the law to provide higher Medicaid allocations for the territories does not affect the FMAP established by law for the territories. The FMAP decreases that will occur beginning in fiscal year 22 (for example, Puerto Rico's FMAP is reduced from 76% to 55%) could create significant challenges for the territories' ability to generate local funds to maintain services. For example, compared to a FMAP of 76%, a FMAP of 55% would result in Puerto Rico having to generate more than \$ 600 million more of funds from its own territory to obtain the same amount of federal funds in fiscal year 22 .

the 55% FMAP is the same percentage that was Puerto Rico before hurricanes 2017, when the formula was adjusted.

